



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Department of Public Works



DATE: April 26, 2012
BOARD MEETING DATE: May 8, 2012
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: James C. Porter, Director of Public Works

SUBJECT: **Executive Summary** – Water Rates and Charges for County Service Area No. 11, Pescadero Area

RECOMMENDATION:

Acting as the governing board of County Service Area No. 11, adopt a Resolution:

1. Setting June 26, 2012 at 9:00 a.m. at your regularly scheduled Board meeting, as the time and place for a public hearing on the water rates and meter service charges for County Service Area No. 11; and
2. Directing the Director of Public Works to send a notice of the proposed water rates and meter service charges to each property owner within County Service Area No. 11.

BACKGROUND:

County Service Area No. 11 (CSA 11) was formed in 1988 to provide potable water service to the portion of Pescadero included within the urban rural boundaries. Water for CSA 11 customers is provided from an underground aquifer over 230 feet below ground and is delivered to 99 water service connections through approximately 2.2 miles of water mains. CSA 11 water usage and service charges are collected every two months based on rates approved by your Board. Revenue collected through water sales and meter service charges must be sufficient to support CSA 11 operations.

On September 9, 2003, your Board adopted Resolution No. 066229 adopting the current water service rates and meter service charges for CSA 11. Revenue generated from these rates is not sufficient to adequately operate, maintain, and administer CSA 11.

DISCUSSION:

The water rates and meter service charges have been adjusted once (2003) since the initial rates that were established. The current charges are comprised of a water rate charged per unit of water consumed (1 unit = 100 cubic feet of water or 748 gallons) and a meter service charge. Customers are billed every two months or six times per year.

The existing flat rate charged per unit of water consumed does not encourage water conservation. The Department is recommending that a tiered rate structure, one in which the rate charged per unit of water used increases as a customer's usage increases, be adopted for CSA 11.

The following are the current and proposed water service rates for CSA11:

Water Service Description	Current Rates	Proposed Rates
5/8" Monthly Meter Service Charge	\$22.00	\$28.00
1-1/2" Monthly Meter Service Charge	\$33.00	\$42.00
Tier 1 Water Rate (0-11 HCF)	\$1.38	\$2.69
Tier 2 Water Rate (12-25 HCF)	-	\$4.04
Tier 3 Water Rate (26-40 HCF)	-	\$5.45
Tier 4 Water Rate (> 40 HCF)	-	\$7.36

The proposed water rates and meter service charges were communicated to the property owners and customers through several meetings and two separate mailings by the Department. Based on feedback from the property owners, the Department has adjusted the first tier of rates from 0-8 units, as originally proposed, to 0-11 units.

The Department is recommending that the proposed rates be approved and be evaluated one year after their implementation to determine their adequacy. We anticipate that the tiered rate structure will encourage water conservation and revenue estimates have been based on a reduction in water use.

We are proposing that the rate increase become effective on July 1, 2012. Staff will continue to work with PMAC and the "Ratepayers Group" to evaluate the financial condition of CSA 11 and develop long-term rates that will be acceptable to the ratepayers while adequately meeting the financial obligations of CSA 11.

The water rates, meter service charges, and other associated CSA 11 charges are described in Exhibit A of the Resolution.

County Counsel has reviewed and approved a Resolution as to form.

Your Board's setting of the water service rates contributes to the Shared Vision 2025 outcome of a Healthy Community by allowing for uninterrupted service to CSA 11 customers and providing revenue to CSA 11.

FISCAL IMPACT:

There is no direct impact to the General Fund. However, water service charges are levied on properties that are either leased or owned by the County and provided water by CSA 11, such as the County Fire Station Number 59 located on Pescadero Creek Road.